



Investing in rural people

Executive Board

President's report

Proposed loan

Republic of India

Fostering Climate-Resilient Upland Farming Systems in the North-East Project – Phase II (FOCUS 2.0)

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Action: The Executive Board is invited to approve the recommendation contained in paragraph 44.

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Financing summary

Initiating institution:	IFAD
Borrower/recipient:	Republic of India
Executing agency:	Society for Climate-Resilient Agriculture in Mizoram (SCRAM)
Total project cost:	US\$87.45 million
Amount of IFAD loan performance-based allocation system (PBAS):	US\$45.78 million
Terms of IFAD loan:	The loan is granted on ordinary terms and shall be subject to interest on the principal amount outstanding at a rate equal to the IFAD reference interest rate, including a variable spread. It has a maturity period of 18 years, including a grace period of 6 years.
Cofinanciers:	Government of India (converged government schemes) Formal financial institutions
Amount of cofinancing:	US\$13.13 million
Terms of cofinancing:	Grant
Contribution of borrower/recipient:	US\$14.46 million
Contribution of beneficiaries:	US\$2.87 million
Financing gap:	US\$11.21 million
Cooperating institution:	Supervised directly by IFAD

I. Context

A. National context and rationale for IFAD involvement

National context

1. Mizoram, a geographically isolated, hilly and landlocked state in the north-east of the Republic of India with limited infrastructure, faces economic vulnerability despite its high literacy rate. Its economy is relatively small and heavily reliant on central government funding. The agriculture sector is vital for rural livelihoods, but economic development is hindered by fragmented production systems, with over 85 per cent of landholdings being small and unproductive. Mizoram's population of 1.1 million is predominantly composed of scheduled tribes (over 94 per cent). Poverty remains a concern, with 27 per cent of the population classified as multidimensionally poor (2021).
2. The Fostering Climate-Resilient Upland Farming Systems in the North-East Project – Phase II (FOCUS 2.0) aims to address these challenges by covering all 11 districts of Mizoram. Building on the successes of phase I, the project focuses on enhancing the economic, social and climate resilience of rural communities. It includes three components: market access and enterprise development; climate-resilient agriculture and livestock productivity; and project management. Aligned with state and national priorities – including Mizoram's *bana kaih* (handholding) policy, the Prime Minister's Development Initiative for North-East Region (PM-DevINE) and the North East Special Infrastructure Development Scheme (NESIDS) – it ensures strong convergence and sustainability.
3. Implemented by the Society for Climate-Resilient Agriculture in Mizoram (SCRAM), under the Planning and Programme Implementation Department, the project ensures coordination with government schemes and strengthens capacity to support smallholder development, addressing Mizoram's unique challenges while harnessing emerging opportunities.

Special aspects relating to IFAD's corporate mainstreaming priorities

4. In line with IFAD's mainstreaming commitments, the project has been validated as:
 - ☒ Including climate finance
 - ☒ Youth-sensitive
 - ☒ Prioritizing Indigenous Peoples
 - ☒ Including adaptive capacity
5. FOCUS 2.0 advances the three strategic objectives of the IFAD Strategic Framework 2016–2025 (i) increasing the productive capacity of poor rural people; (ii) increasing their benefits from market participation; and (iii) strengthening the environmental sustainability and climate resilience of their economic activities. It also aligns with IFAD's mainstreaming strategies for gender, youth, nutrition and climate adaptation, and upholds IFAD's Policy on Engagement with Indigenous Peoples through community institutions, participatory planning and consultation.

Rationale for IFAD involvement

6. Addressing Mizoram's rural poverty, food insecurity and limited market and financial access – exacerbated by climate change and inadequate infrastructure – FOCUS 2.0 leverages IFAD's core strengths: its extensive rural development expertise and its unique ability to mobilize resources and partnerships. IFAD's comparative advantage lies in its participatory approach, ensuring tailored solutions for smallholders, and its proven expertise in sustainable agriculture, market access and rural finance to build resilience, improve livelihoods, and drive inclusive growth.

B. Lessons learned

7. FOCUS 2.0 builds on lessons learned from FOCUS and other relevant projects in the region. Specifically: (i) secure land tenure emerged as a critical enabler for landless households to invest in agriculture, so the project will promote long-term land use agreements through locally accepted mechanisms; (ii) the cluster approach to agricultural intensification proved effective in achieving economies of scale and improving market access, so this project adopts spatially defined *zaus* (15 to 30 hectare agricultural clusters) to integrate production, inputs and market linkages; (iii) past projects show that a market-led production system is essential for sustainability, thus FOCUS 2.0 establishes a three-tier market infrastructure from aggregation to value addition, coupled with business development support; (iv) institutional anchoring and convergence with village councils and cooperatives have been shown to facilitate smoother implementation, so FOCUS 2.0 will operate through a leaner project implementation unit and strengthen local partnerships; (v) enterprise development benefits from structured incubation rather than one-off grants, so the project links innovation funding with incubation services and engages financial institutions and the private sector; and (vi) robust livestock systems provide financial buffers for rural households, therefore the project will enhance disease control, extension services and value chain integration. Finally, to address fiduciary readiness and improve operational efficiency, FOCUS 2.0 also strengthens district-level capacity and adopts real-time financial tracking to ensure transparency and timely execution.

II. Project description

A. Objectives, geographical area of intervention and target groups

8. FOCUS 2.0 has the overarching goal of contributing to economic prosperity and enhanced climate resilience in rural Mizoram. The project development objective is to enhance the social, economic and climate resilience of targeted households across the state of Mizoram through strengthened agricultural value chains. It aligns with the country strategic opportunities programme (COSOP) results framework by focusing on market access, enterprise development and climate-resilient agricultural productivity, thereby contributing to IFAD's strategic objectives of inclusive rural transformation and climate resilience. The project will achieve COSOP strategic objectives by improving market transactions, creating employment, and expanding access to financial and digital services.
9. FOCUS 2.0 targets all 11 districts of Mizoram and will be implemented in 700 villages across diverse and challenging agroecological zones, which influence agricultural development and climate vulnerability. This calls for sustainable enhancement of agriculture and livestock production. Priority is given to districts with low development indices and high climate vulnerability, selected on the basis of their high poverty levels and urgent adaptation needs.
10. Targeting 100 per cent Indigenous Peoples including smallholder farmers, their organizations and enterprises, the project will reach 75,000 households (150,000 individuals), with a strong emphasis on marginalized households. FOCUS 2.0 will ensure 50 per cent women beneficiaries and 15 per cent youth beneficiaries through dedicated interventions aligned with IFAD's Poverty Targeting Policy and the project's targeting strategy.

B. Components, outcomes and activities

11. The project comprises three components:

Component 1. Market access and enterprise development

Component 2. Agricultural productivity and climate resilience

Component 3. Project management, convergence planning and knowledge management

12. **Component 1** will establish a robust and inclusive market ecosystem enabling rural producers to increase their incomes through improved market access, enterprise development and financial inclusion. The expected outcomes include:
- (i) 50 per cent of households engaged in formal or structured markets;
 - (ii) employment generation through project-supported enterprises; and
 - (iii) improved access to rural financial and digital services. The component will begin by strengthening producer institutions (*zau* or cluster groups, self-help groups and farmer/producer organizations), many of which were supported under FOCUS. Produce from these groups is expected to reach markets through a three-tier market infrastructure system – comprising village-level collective marketing centres, block-level farmers' markets and district-level processing hubs – as well as link roads. Complementary business development services and enterprise incubation will support community-based, commercially viable enterprises. Financial literacy training, improved access to insurance, and the use of digital tools will ensure that producers and enterprises are equipped to thrive in state and regional markets.
13. **Component 2** supports the shift from subsistence to sustainable, market-oriented farming and livestock systems. The expected outcomes include: (i) the sustainable enhancement of climate-resilient agricultural production and increased crop productivity; and (ii) improved production of market-oriented livestock products. The approach centres on *zau* clusters, which enable synchronized farming, resource use and extension. These are integrated with irrigation, land development and convergence with departmental schemes. Livestock development includes support for pig, poultry and goat production, underpinned by strong biosecurity measures, disease management and community-based animal health services. Natural resource management and targeted support to underserved households will ensure environmental and social equity. Increased production under component 2 will feed directly into structured markets along the value chains facilitated under component 1.
14. **Component 3** ensures efficient project coordination, sound financial oversight and effective delivery of results.

C. Theory of change

15. Smallholder farming in Mizoram is constrained by fragmented landholdings, low productivity and limited market access. Building on the foundations laid by the original project, FOCUS 2.0 introduces a cluster-based production strategy and a three-tier hub-and-spoke model to enhance aggregation, value addition and enterprise development. This approach is designed to reduce post-harvest losses, increase financial and digital inclusion, and strengthen service delivery through community-based cadres. It aligns with national priorities and leverages IFAD's experience in promoting market-led approaches and inclusive value chains, particularly in tribal and upland contexts. The project follows two development pathways:
16. **Component 1. Market access and enterprise development pathway:** building on existing clusters to promote market integration through a three-tier infrastructure system, financial inclusion and cooperative-based enterprise support,

thereby enabling farmers to aggregate, process and market their produce, while boosting incomes and resilience.

17. **Component 2. Agricultural productivity and resilience pathway:** strengthening *zau* clusters through climate-resilient agroecological practices, irrigation, livestock services and farmer field schools, thereby enhancing productivity, sustainability and equitable service delivery through convergence and community platforms.
18. The theory of change assumes the timely mobilization of resources, a supportive policy and political environment, and adequate institutional capacity for convergence and delivery. It anticipates that producers will adjust their behaviour in response to improved market access and higher incomes, provided that climate variability remains within manageable limits. It also assumes the absence of another pandemic to ensure uninterrupted progress.

D. Alignment, ownership and partnerships

19. FOCUS 2.0 aligns closely with national and state priorities, supporting the Government of India's goals of doubling farmers' incomes, strengthening market-led and climate-resilient agriculture, and advancing tribal development. It complements flagship initiatives such as PM-DevINE, NESIDS, the Pradhan Mantri Formalisation of Micro Food-Processing Enterprises scheme and the Aspirational Districts Programme, and is anchored in Mizoram's *bana kaih* (handholding) policy, including *zau* cluster development. The project is designed to leverage convergence platforms and existing governance structures such as SCRAM and rural financial cooperatives. It also aligns with India's National Adaptation Plan, updated Nationally Determined Contributions and the Virtually Integrated System to Access Agricultural Resources digital extension scheme, supporting Mizoram's early adoption through partnerships with Digital Green. FOCUS 2.0 fully supports the IFAD Strategic Framework 2016–2025, its mainstreaming themes and IFAD's Policy on Engagement with Indigenous Peoples. It contributes to multiple Sustainable Development Goals (SDGs) – in particular, SDG 1 (no poverty) and SDG 2 (zero hunger) – through integrated farming and climate-resilient practices, and will operationalize IFAD's upcoming COSOP 2026–2033, which emphasizes job creation, convergence and grassroots resilience.
20. **Partnerships.** Implementation will be led by SCRAM, in close collaboration with line departments, financial institutions – including Mizoram Rural Bank, Multipurpose Primary Agricultural Credit Cooperative Societies, the National Bank for Agriculture and Rural Development (NABARD) and the National Insurance Academy – as well as research institutions and private partners. The proposed annual Private Sector Roundtable will foster convergence and investment. The project also builds on IFAD's extensive experience in hilly states, promoting cross-learning to support inclusive and scalable rural transformation in Mizoram.

E. Costs, benefits and financing

Project costs

21. The total project cost, inclusive of taxes and duties, is US\$87.45 million over six years.

Table 1

Project costs by component and financier

(Thousands of United States dollars)

<i>Component</i>	<i>IFAD loan</i>		<i>Other cofinanciers</i>		<i>Beneficiaries</i>		<i>Government of Mizoram</i>		<i>Banks</i>		<i>Financing gap</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Cash</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
1. Market access and enterprise development	11 039	48.6	664	2.9	870	3.8	2 814	12.4	6 962	30.6	368	1.6	22 717	26.0
2. Agricultural productivity and climate resilience	24 375	49.4	5 501	11.1	2 008	4.1	6 764	13.7			10 688	21.7	49 335	56.4
3. Project management, convergence planning and knowledge management	10 366	67.3					4 879	31.7			155	1.0	15 400	17.6
Total	45 780	52.3	6 164	7.0	2 878	3.3	14 457	16.5	6 962	8.0	11 211	12.8	87 453	100

Table 2

Project costs by expenditure category and financier

(Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD loan</i>		<i>Other cofinanciers</i>		<i>Beneficiaries</i>		<i>Government of Mizoram</i>		<i>Banks</i>		<i>Financing gap</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Cash</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Investment costs														
1. Works	15 110	61.2	1 913	7.8	1 214	4.9	4 280	17.3			2 160	8.8	24 678	28.2
2. Consultancies and training	19 182	52.4	3 293	9	60	0.2	5 009	13.7			9 035	24.7	36 580	41.8
3. Equipment and materials	1 608	79.4			1	0	402	19.8			15	0.7	2 026	2.3
4. Grants and subsidies	4 619	30.2	958	6.2	1 603	10.5	1 163	7.6	6 962	45.5			15 304	17.5
Total investment costs	40 520	51.6	6 164	7.8	2 878	3.6	10 854	1.7	6 962	8.8	11 211	15	78 589	89.9
Recurrent costs														
1. Incremental operating costs including salaries	5 261	59.4					3 603	40.6					8 864	10.1
Total recurrent costs	5 261	59.4					3 603	40.6					8 864	10.1
Total	45 780	52.3	6 164	7.0	2 878	3.3	14 457	16.5	6 962	8.0	11 211	12.8	87 453	100

Table 3

Project costs by component and subcomponent and project year

(Thousands of United States dollars)

	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031	Total
A. Market access and enterprise development							
1. Market infrastructure	1 357.8	2 675.5	3 897.6	2 586.0	126.2	129.1	10 772.1
2. Enterprise development	64.9	217.6	1 257.1	348.6	1 135.5	-	3 023.8
3. Financial and digital ecosystem	715.8	2 764.9	1 828.4	1 780.5	1 762.6	68.6	8 920.7
Subtotal	2 138.5	5 658.0	6 983.1	4 715.1	3 024.3	197.7	22 716.6
B. Agriculture productivity and climate resilience							
1. Agriculture development	1 897.1	8 316.9	15 375.2	6 651.3	565.0	530.3	33 335.9
2. Livestock development	4 750.5	6 061.6	4 374.3	457.6	243.6	112.1	15 999.6
Subtotal	6 647.6	14 378.5	19 749.5	7 108.9	808.6	642.4	49 335.5
C. Project management, convergence planning and knowledge management							
1. Convergence planning and project management	2 080.5	2 068.2	2 126.3	2 348.4	2 248.4	2 312.5	13 184.4
2. Monitoring and evaluation and knowledge management	708.0	620.5	265.4	134.2	103.3	384.6	2 216.1
Subtotal	2 788.5	2 688.7	2 391.7	2 482.6	2 351.8	2 697.2	15 400.5
Total	11 574.6	22 725.2	29 124.3	14 306.6	6 184.7	3 537.2	87 452.6

Financing and cofinancing strategy and plan

22. The total project cost is US\$87.45 million over six years. IFAD will provide a loan of US\$45.78 million (52.3 per cent of costs). IFAD financing will be sourced from the cancelled resources from the PBAS allocation for IFAD11. The Government of Mizoram will contribute US\$14.46 million (16.5 per cent) as counterpart financing, while beneficiaries will contribute US\$2.87 million (3.3 per cent). Formal financial institutions will provide US\$6.96 million (8.0 per cent), and US\$6.164 million (7.0 per cent) will come from converged government schemes. A financing gap of US\$11.21 million (12.8 per cent) will be addressed during project implementation. Project expenditures will be pre-financed by the Government of Mizoram, with quarterly reimbursements from IFAD, and managed through a designated account at the federal level and project accounts in Mizoram. Costs are categorized under works, consultancies and training; equipment and materials; grants and subsidies; and operating costs (including salaries and allowances). Recurrent expenditures account for 11.5 per cent of the IFAD loan, and project management costs represent 10.1 per cent of total costs, both within set limits. Retroactive financing (about US\$1.0 million) will be available for consultancy contracts incurred prior to project effectiveness.

Disbursement

23. The Government of Mizoram will pre-finance project expenditures and request quarterly reimbursements from IFAD via the Federal Ministry of Finance. If advances are required, the project may request funds in advance to the designated account, with replenishments based on cash forecasts and account balances. The Federal Ministry of Finance will maintain the designated account at the federal level for the transmission of funds from IFAD. The FOCUS 2.0 project implementation unit (PIU) will maintain a project account in Mizoram, with sub-accounts for each district PIU (DPIU). Funds will be released by the PIU or DPIUs once the supporting documentation has been approved. No advances will be provided directly to line departments.

Summary of benefits and economic analysis

24. The main direct project benefits will be increased and more diversified incomes for the targeted beneficiaries in the project area, derived from profitable and climate-resilient production systems. The FOCUS 2.0 project is expected to benefit approximately 75,000 households – about 70 per cent of rural Mizoram – through improved market access, enterprise development support, climate-resilient and cluster-based agriculture, and enhanced livestock production. Key economic indicators confirm a strong investment case. Over a 20-year period, the project's base scenario yields an economic internal rate of return of 30.3 per cent and a net present value of US\$48.9 million at a 12 per cent discount rate. Sensitivity analyses indicate that the economic internal rate of return falls below 12 per cent only under extreme conditions, such as when costs rise by 40 per cent and benefits fall by 40 per cent, or when costs increase by 20 per cent, benefits decline by 20 per cent, and returns are delayed by two years. These figures demonstrate favourable cost-benefit dynamics, reflecting the project's capacity to deliver robust returns even under challenging scenarios, while significantly improving rural incomes and resilience.

Exit strategy and sustainability

25. The project's exit strategy centres on institutionalizing *zau* clusters and livestock services, supported by trained local resource persons. Market infrastructure will be managed through community-based or public-private models underpinned by sound business plans. Capacity-building and skills transfer ensure sustainability, with integration into government policies and long-term programmes. Community ownership, participatory management and cost recovery will further strengthen sustainability, while successful models will be incorporated into state guidelines and financing continued through government schemes. Environmental sustainability will

be ensured through climate-resilient agriculture and livestock practices, while financial sustainability will be anchored in viable enterprises accessing profitable markets and fostering long-term business relationships.

III. Risk management

A. Risks and mitigation measures

26. The project's overall risk is rated moderate, with residual risks generally low, except for financial management and procurement, which remain substantial due to limited qualified staff, structural delays and process-related challenges. Mitigation in these areas include competitive recruitment, the use of Tally enterprise resource planning software, clear legal provisions, intensive training, third-party oversight and enhanced transparency measures. Environmental and climate risks will be addressed through integrated natural resource management and climate-smart agricultural practices, reducing residual risks to low. Strong policy alignment, institutional support, and close collaboration among IFAD, the Government and the PIU will further bolster risk management and sustainability. Key financial management risks include: (i) potentially weak financial management capacity at both the state PIU and DPIU levels; (ii) internal control issues arising from insufficient staff capacity among implementing partners; (iii) inadequate maintenance of Tally software and delays in account reconciliations; and (iv) possible delays in audit reports from the local comptroller and auditor general office. Adequate mitigation measures have been included in the project design to minimize the impact of these risks.

Table 4

Overall risk summary

<i>Risk areas</i>	<i>Inherent risk rating</i>	<i>Residual risk rating</i>
Country context	Low	Low
Sector strategies and policies	Low	Low
Environment and climate context	Moderate	Moderate
Project scope	Low	Low
Institutional capacity for implementation and sustainability	Moderate	Moderate
Financial management	Substantial	Substantial
Project procurement	Substantial	Substantial
Environment, social and climate impact	Moderate	Moderate
Stakeholders	Moderate	Moderate
Overall	Moderate	Moderate

B. Environment and social category

27. The project's environmental and social risk categories are both rated moderate. Residual environmental risks – including potential biodiversity loss – will be mitigated to low through integrated natural resource management, spring-shed development, the promotion of Indigenous species, conservation practices and sustainable livestock systems. Residual social risks – related to Indigenous Peoples, labour conditions and potential physical or economic resettlement – will likewise be mitigated to low through robust free, prior and informed consent processes, participatory planning and safeguards embedded in the project design, including a potential resettlement action plan, where applicable.

C. Climate risk classification

28. Risks related to greenhouse gas emissions and climate variability are rated moderate. Residual impacts are low and will be addressed through climate-smart agriculture – including adaptive agricultural practices based on climate projections – and sustainable livestock systems.

D. Debt sustainability

29. India continues to be the world's fastest-growing major economy, with a robust growth rate of 8.2 per cent in financial year 2023/2024. In the medium term, growth is projected to remain stable at around 7 per cent in financial year 2024/2025, and to stay strong through financial years 2025/2026 and 2026/2027. India currently faces a moderate overall risk of sovereign debt stress, with its debt-to-GDP ratio standing at 82.7 per cent in financial year 2023/2024, and projected to remain elevated in the medium term. Debt levels are expected to stabilize around this figure before gradually declining from financial year 2025/2026 onwards.

IV. Implementation

A. Organizational framework

Project management and coordination

30. The project will be implemented by the Planning and Programme Implementation Department of Mizoram through SCRAM, using a decentralized structure at the state, district, and village levels. Oversight will be provided by the state-level governing council (chaired by the chief minister) and the project management committee, chaired by the Principal Adviser cum Additional Secretary, Planning and Programme Implementation Department, while district planning committees, chaired by the deputy commissioner will ensure local governance at the district level. The existing SCRAM PIU and DPIUs will be utilized, with expanded council and programme management committee membership to enhance cross-sector collaboration and ensure policy alignment within broader state development strategies.

Financial management, procurement and governance

31. The financial management of the project will be decentralized, involving the state PIU and DPIUs. The financial management arrangements will adhere to Indian Accounting Standards, with the Tally accounting software customized to automate financial reporting. The Government of Mizoram will pre-finance expenditures, with quarterly reimbursements from IFAD. The PIU will maintain a project account, and funds will flow through the Mizoram Treasury to the project accounts. External consultants will conduct semi-annual internal audits, and the state comptroller and auditor general will audit annual financial statements. Report-based disbursement will be used, and lessons from previous projects will inform financial management practices.
32. Procurement will follow the IFAD project procurement framework, given the existing gaps in Mizoram's public procurement rules. A dedicated procurement team will operate at both the state and district levels to mitigate substantial procurement risks identified. Capacity-building will be provided, including training on the IFAD Project Procurement Handbook and contract management. Procurement will be subject to regular audits, and an independent authority will handle procurement-related complaints. A procurement plan for the first 18 months will be finalized and submitted via the IFAD Online Project Procurement End-To-End System (OPEN) portal, with community procurement led by resource persons and committees.
33. The project's governance structure will include a chief project director responsible for overseeing procurement audits and ensuring compliance with IFAD's anti-corruption policies. An independent authority will investigate any allegations of prohibited practices to ensure full adherence to governance standards. Whistleblower protection and complaint-handling mechanisms will be established, in line with the revised IFAD policy on preventing fraud and corruption in its activities and operations.

Target group engagement and feedback and grievance redress

34. FOCUS 2.0 was designed through extensive consultation with stakeholders and at the community, district and state levels. During implementation, the project will employ a comprehensive engagement strategy involving multiple stakeholders, including government departments, non-governmental organizations and community institutions. Partnerships will be established to leverage existing resources and expertise, ensuring effective collaboration and compliance with the requirements of Social, Environmental and Climate Assessment Procedures (SECAP). Community-level engagement and feedback will be facilitated through consultation meetings and awareness-raising events, focusing on participatory planning, grassroots accountability and regular monitoring and evaluation (M&E).

Grievance redress

35. The project will establish a comprehensive, accessible and culturally sensitive grievance redress mechanism at all management levels to gather feedback and address complaints related to project activities and social or environmental performance, thereby ensuring stakeholder rights, transparency and protection from retaliation. The grievance redress mechanism will be regularly communicated to stakeholders and will provide multiple channels for submission, including anonymous drop boxes, a social media platform, designated physical addresses with contact persons at each level, and a hotline or call centre. All procedures will be detailed in the draft project implementation manual to ensure effective and inclusive grievance resolution throughout all phases of the project.

B. Planning, monitoring and evaluation, learning, knowledge management and communications

36. Knowledge management and communication are integral to FOCUS 2.0 learning and adaptation. The M&E system will enable real-time tracking through surveys and map-based reporting, ensuring inclusivity by disaggregating data by gender, age group and indigenous status. Key activities will include baseline and midline surveys, an interactive website, policy briefs and media outreach, all aimed at supporting informed decision-making, policy engagement and the effective scaling up of successful initiatives.

Innovation and scaling up

37. FOCUS 2.0 introduces several context-specific innovations to address the unique challenges of upland farming in Mizoram, namely: (i) the scaling up of the *zau* (cluster-based) production model piloted under phase I, integrating it with; (ii) a three-tier hub-and-spoke model providing market infrastructure, value addition, enterprise development, and a digital and financial ecosystem tailored to smallholders and their enterprises; and (iii) the use of geo-tagged digital profiling, bundled financial products and mobile-enabled extension services, offering a technology-enabled and inclusive model for upland resilience. Moreover, the project will fund innovations that enhance climate-resilient practices and value chain efficiency, and will support young and women entrepreneurs, fostering innovation.
38. The project's approach to scaling up is multifaceted: successful models will be mainstreamed into state policies and sector programmes, budgetary convergence with government schemes will ensure continued financing, and knowledge generated through robust M&E and partnerships will be widely disseminated. By embedding project ownership across government, communities and the private sector, and by institutionalizing models within state systems, FOCUS 2.0 will create durable structures to sustain and expand its impact beyond the project's duration.

C. Implementation plans

Implementation readiness and start-up plans

39. IFAD will ensure implementation readiness through contract monitoring, procurement reviews and the financing of start-up costs for early activities. A detailed readiness action plan will support timely staffing, procurement and stakeholder mobilization. Formalized partnerships and institutional agreements will enhance project delivery, while alignment with Mizoram's fiscal planning will enable timely budget integration.

Supervision, midterm review and completion plans

40. IFAD will conduct regular supervision and implementation support missions to review implementation performance, progress towards achieving the development objectives, and compliance with fiduciary requirements and safeguards. IFAD will also provide technical assistance to support effective implementation and adaptive management throughout the project cycle.

V. Legal instruments and authority

41. A financing agreement between the Republic of India and IFAD will constitute the legal instrument for extending the proposed financing to the borrower. A copy of the negotiated financing agreement is attached as appendix I.
42. The Republic of India is empowered under its laws to receive financing from IFAD.
43. I am satisfied that the proposed financing complies with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

44. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on ordinary terms to the Republic of India in an amount of forty-five million seven hundred and eighty thousand United States dollars (US\$45,780,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario
President

Negotiated financing agreement

(Negotiations concluded on 10 September 2025)

Loan No: _____

Project name: *Fostering Climate-Resilient Upland Farming Systems in the Northeast (FOCUS 2.0)* ("the Project")

The Republic of India (the "Borrower")

and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

PREAMBLE

WHEREAS the Borrower has requested a loan from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

WHEREAS FOCUS 2.0 builds on the achievements and lessons of FOCUS Phase I, expanding the scope from six to eleven districts and deepening impact through market integration, climate-smart intensification, expansion of sectors covered, and institutional convergence;

WHEREAS the Borrower shall make available to the State of Mizoram the proceeds of the Financing upon terms and conditions set forth in this Financing Agreement;

WHEREAS the Project shall be implemented in the State of Mizoram (the "State") pursuant to a separate agreement of even date herewith between the Fund and the State (the "Project Agreement");

WHEREAS, the Fund has agreed to provide financing for the Project;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. This Agreement comprises the following: the Main Document (Preamble and Sections A-E), the Project Description and Implementation Arrangements (Schedule 1) and the Allocation Table (Schedule 2).

2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2022, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.

3. The Fund shall provide a Loan (the "Financing") to the Borrower which the Borrower shall cause the State to use to implement the Project in accordance with the terms and conditions of this Agreement.

Section B

1. The amount of the Financing is forty-five million seven hundred eighty thousand United States dollars (45 780 000 USD).
2. The Financing is granted on ordinary terms and shall be subject to interest on the principal amount outstanding of the loan rate equal to the IFAD Reference Interest Rate including a variable spread, and have a maturity period of 18 years, including a grace period of 6 years, starting from the date as of which the Fund has determined that all general conditions precedent to withdrawal have been fulfilled.
3. The Loan Service Payment Currency shall be in USD.
4. The first day of the applicable Fiscal Year shall be 1st April.
5. Payments of principal and interest shall be payable on each 1st June and 1st December.
6. There shall be a Designated Account in USD, for the exclusive use of the Project opened in the Reserve Bank of India, to which funds will flow from IFAD. The Borrower shall inform the Fund of the officials authorized to operate the Designated Account.
7. There shall be a Project Account in Indian Rupees (INR) for the benefit of FOCUS 2.0 in a commercial bank operating in Mizoram. The Project Account is maintained by the Lead Project Agency as defined in Section C, para 1 below.
8. The Borrower shall cause the State to provide counterpart financing for the Project in the ratio of 76:24 between the IFAD financing and the counterpart contribution respectively.

Section C

1. The Lead Project Agency shall be the Planning and Programme Implementation Department (P&PID) through the Society for Climate Resilient Agriculture in Mizoram (SCRAM).
2. The Department of Economic Affairs, Ministry of Finance, will be the nodal agency for the Project at the central level and the Ministry of Development of North Eastern Region will be involved for overall guidance.
3. Additional Project Parties are described in Schedule 1 Part II, paragraph 9.
4. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.
5. The Project Completion Date shall be the sixth (6th) anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be 6 months later, or such other date as the Fund may designate by notice to the Borrower.
6. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of IFAD Project Procurement Framework.

Section D

1. The Fund will administer the Loan and supervise the Project.

Section E

1. The following are designated as additional grounds for suspension of this Agreement:
 - (a) The Project Implementation Manual (PIM) and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower, has determined that it has had, or is likely to have, a material adverse effect on the Project.
2. The following are designated as additional grounds for cancellation of this Agreement:
 - (a) In the event that the Borrower did not request a disbursement of the Financing for a period of at least 12 consecutive months without justification subsequent to the first eighteen (18) months from the entry into force of the Agreement.
3. The following are designated as additional general conditions precedent to withdrawal of the Financing:
 - (a) The IFAD no objection to the PIM shall have been obtained.
 - (b) Key Project staff has been appointed as per Section B, para 7 of the Project Agreement with the State of Mizoram.
 - (c) Cloud-based Tally accounting software installation and customization for the needs of the FOCUS 2.0 shall be completed.
 - (d) The Borrower shall cause the registration of the Project with the IFAD Client Portal (ICP).
4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower:

Additional Secretary
Department of Economic Affairs
Ministry of Finance,
Government of India
New Delhi 110001

For the Fund:

The President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

[Copy to:]

If applicable, the Parties accept the validity of any qualified electronic signature used for the signature of this Agreement and recognise the latter as equivalent to a hand-written signature.

This Agreement, [dated _____], has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the [Borrower/Recipient].

REPUBLIC OF INDIA

"[Authorised Representative Name]"
"[Authorised Representative title]"

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

"[Authorised Representative Name]"
"[Authorised Representative title]"

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The Project shall benefit 75,000 households (150,000 individuals), with a strong emphasis on marginalized households. It will ensure 50% women beneficiaries and 15% youth beneficiaries through dedicated interventions.

2. *Project area.* FOCUS 2.0 will target all 11 districts of Mizoram, to be implemented in 700 villages across diverse, challenging agroecological zones which influences agricultural development and climate vulnerability (*the "Project Area"*).

3. *Goal.* FOCUS 2.0 has an overarching goal of contributing to the economic prosperity and enhanced climate resilience in rural Mizoram.

4. *Objectives.* The Project Development Objective is to enhance the social, economic, and climate resilience of targeted households across the State of Mizoram, through strengthened agricultural value chains.

5. *Components.* The Project shall consist of the following Components:

5.1 *Component 1: Market Access and Enterprise Development.* Component 1 will establish a robust and inclusive market ecosystem that enables rural producers to increase incomes through improved market access, enterprise development, and financial inclusion. Outcomes will include: (i) 50% of households engaged in formal or structured markets; (ii) employment generation through project-supported enterprises; and (iii) improved access to rural financial and digital services. Component 1 will have three sub-components.

Sub-component 1.1 Market Infrastructure aims to address a foundational bottleneck in Mizoram's agriculture and allied sectors: the lack of structured and value-chain-aligned market infrastructure. The Project will invest in a tiered climate resilient market infrastructure system designed to connect producers with both local and external markets through an integrated hub-and-spoke approach. This includes the development of 300 Collective Marketing Centres (CMCs), 13 block-level Farmers' Markets, 5 district-level Value Addition Hubs, establishment of Poultry Slaughter and Processing Facility in Aizawl, construction of 300 km of link roads as first-mile connectivity and a detailed feasibility and design study to ensure that infrastructure investments are demand-driven, spatially efficient, and aligned with commodity flows and market potential.

Sub-component 1.2 Enterprise Development will invest in building a vibrant rural enterprise ecosystem that operationalizes and sustains the market infrastructure developed under Component 1.1. This will be achieved by supporting and strengthening of Farmer Producer Organizations (FPOs), Self-Help Groups (SHGs), Multi-Purpose Agriculture Cooperatives (M-PACs), and rural entrepreneurs engaged in priority value chains. Enterprise support will be closely aligned with the commodity prioritization conducted during project design and further refined through a detailed block-level intercropping and production system study.

Sub-component 1.3 Financial and Digital Ecosystem will strengthen the financial and digital ecosystem to support the commercialization of rural value chains developed and will address critical barriers to financial inclusion, digital readiness, and risk management. It equips rural actors with essential tools like credit access, insurance mechanisms, and digital systems to enable them to operate effectively.

5.2 *Component 2: Agricultural Productivity and Climate Resilience.* Component 2 supports the shift from subsistence to sustainable, market-oriented farming and livestock systems. Outcomes will include: (i) sustainable enhancement of climate-resilient agricultural production and increased crop productivity; (ii) improved production of

market-oriented livestock products. The approach centres on *Zaus*, which enable synchronized farming, resource use, and extension. This component will have two sub-components, Agriculture Development and Livestock Development.

Sub-component 2.1 Livestock Development aims to enhance environmentally sustainable livestock production by supporting pig breeding, backyard and broiler poultry, goat and egg production, disease management (especially African Swine Flu (ASF)), natural resource management (fodder, water) and first-mile service delivery (building on existing institutions/service providers). This subcomponent plans to reach 35000 HH engaged in livestock rearing to enhance their income and capacity for sustainable production.

5.3 Component 3: Project Management, Convergence planning and Knowledge Management. Component 3 ensures efficient project coordination including convergence, financial oversight, and delivery of results.

II. Implementation Arrangements

6. *Lead Project Agency.* The Project will be implemented by the Planning and Programme Implementation Department of Mizoram through the Society for Climate Resilient Agriculture in Mizoram (SCRAM).

7. *Project Oversight Committee.* Oversight is provided by the Governing Council (chaired by the Chief Minister of the State). The Principal Adviser-cum-Additional Secretary, Planning and Programme Implementation Department (P&PID) will serve as the Member Secretary. The expanded membership of the Governing Council is expected to reinforce cross-sectoral convergence and ensure coordinated support from all relevant departments and institutions. The second tier of governance, the Project Management Committee (PMC) will have a central role in overseeing operational planning and implementation and will be chaired by the Principal Adviser-cum-Additional Secretary, Planning and Programme Implementation Department (P&PID), with the Chief Project Director, SCRAM, serving as Member Secretary. The existing District Planning Committee (DPC) chaired by the Deputy Commissioner of the District will streamline governance and reinforce convergence at the district level.

8. *State Project Implementation Unit.* The SPIU will be headed by the Chief Project Director, an officer at the Joint Secretary level, and seconded by the Project Director, an officer at the Deputy Secretary level. Officers at the level of Deputy Director will be deputed from stakeholder departments through an application-based process; any vacant positions thereafter will be filled through departmental nominations. All other SPIU staff will be engaged on a co-terminus basis. The SPIU will provide strategic direction, technical oversight, and interdepartmental coordination. The District Project Implementation Units (DPIU) will be headed by the Deputy Commissioner of the respective district and seconded by the Project Director, District Rural Development Office (DRDO). DPIUs will be housed within the Deputy Commissioner Office and will be supported by co-terminus project staff as well as DRDO-assigned personnel (clerical, engineering, and support staff). DPIUs will lead localized planning, implementation, supervision, and ensure convergence with district-level institutions.

9. *Project Parties.* Implementation will be led by SCRAM, with close collaboration from line departments, financial institutions (Mizoram Rural Bank, Multipurpose Primary Agricultural Credit Cooperative Society, NABARD, and the National Insurance Academy), research institutions, and private partners. The proposed annual Private Sector Roundtable will foster convergence and investment.

10. *Monitoring and Evaluation.* The M&E system of FOCUS 2.0 has been designed as a decision-support and learning mechanism, drawing on key lessons from the previous FOCUS project, to address gaps in household-level tracking, feedback loops, and

disaggregated reporting. Anchored in IFAD's Results and Impact Management System (RIMS), the system will ensure real-time performance monitoring, adaptive learning, and evidence-based decision-making throughout the project lifecycle. The M&E system enables real-time tracking through surveys and map-based reporting, ensuring inclusivity by disaggregating data by gender, youth, and indigenous groups. Key activities include a baseline and mid-line survey, interactive website, policy briefs, and media outreach, supporting informed decision-making, policy engagement, and effective scaling up of successful initiatives.

11. *Knowledge Management.* Knowledge management and communication are integral to FOCUS 2.0 learning and adaptation. The Project will generate practical, actionable knowledge across its components: (i) implementation of the *zau* cluster model, (ii) three-tiered hub-and-spoke market systems, (iii) rural finance models with partners like Mizoram Rural Banks, M-PACs, the National Insurance Academy etc, and (iv) digital and community-based service delivery. Case studies, technical notes, policy briefs, GIS-linked visuals, and media outputs will capture lessons, innovations, and failures—particularly in relation to gender, youth, and traditional knowledge.

12. *Project Implementation Manual (PIM).* The SPIU shall finalise the draft PIM prepared during the design to be approved by the Governing Council and subject to prior review of the Fund. The PIM shall include procedures and processes for Project implementation, financial administration and reporting and procurement. The SPIU shall adopt the PIM substantially in the form approved by the Governing Council and subject to prior review of the Fund and may make amendments thereto from time to time with the prior review of the Fund, under intimation to the Department of Economic Affairs (DEA), Ministry of finance. The State shall cause the Project to be carried out in accordance with the PIM. In case of any discrepancies between the provisions of the PIM and those of this Agreement, the provisions of this Agreement shall prevail.

Schedule 2

Allocation Table

1. *Allocation of Loan Proceeds.* (a) The Table below sets forth the Categories of Eligible Expenditures to be financed by the Loan and the allocation of the amounts to each category of the Financing and the percentages of expenditures for items to be financed in each Category:

Category	Loan Amount Allocated (expressed in USD)	Percentage*
Civil Works	15 110 000	100
Consultancies and Training	19 180 000	100
Equipment and Materials	1 610 000	100
Grants and Subsidies	4 620 000	100
Salaries and Operating Cost	5 260 000	100
TOTAL	45 780 000	

(b) The terms used in the Table above are defined as follows:

- (i) "Civil Works" shall mean eligible expenditures incurred for civil infrastructure and related expenditures.
- (ii) "Consultancies and Training" shall mean eligible expenditures incurred under all components of the project for Goods, Consulting Services, Non-consulting services, Studies, Training and Workshops, and other inputs.
- (iii) "Equipment and Materials" shall mean eligible expenditures incurred for Equipment, Tools and Materials.
- (iv) "Grants and Subsidies" shall mean eligible expenditures for grants and subsidies.
- (v) "Salaries and Operating Cost" shall mean eligible expenditures related to operating costs, including salaries and allowances.

* The percentage applied to Project expenditures, excluding indirect taxes and shares of other financiers.

2. *Disbursement arrangements*

- (a) The withdrawal and use of IFAD funds for FOCUS 2.0 will be governed by the IFAD's Project Financial Management and Financial Control Arrangements Letter (FMFCL) and this Financing Agreement between IFAD and the Borrower.
- (b) *Retroactive financing.* As an exception to section 4.07(a)(ii) of the General Conditions, specific eligible expenditures incurred as of February 1, 2025, until the date of entry into force of this Agreement shall be considered eligible up to an amount equivalent to One million US dollars (USD 1,000,000) for activities relating to: project implementation commencement preparation such as

consultancies, studies, staff costs and other operating expenditures. Activities to be financed by retroactive financing and their respective category of expenditures and source of financing will require prior no objection from IFAD to be considered eligible. Pre-financed eligible expenditures shall be reimbursed to the Borrower once additional conditions precedent to the first disbursement of funds specified in Section E.3 are fulfilled.

- (c) Audit arrangements. The office of the Mizoram State Comptroller and Auditor General (CAG) will audit, in accordance with acceptable to IFAD audit standards, project financial statements each year. It will send audit reports to IFAD within six months of the end of the financial year.

Logical framework

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach	1 Persons receiving services promoted or supported by the project							
	Males - Males		40000	75000				
	Females - Females		40000	75000				
	Young - Young people		12000	22500				
	Indigenous people - Indigenous people		80000	150000				
	Total number of persons receiving services - Number of people		80000	150000				
	Male - Percentage (%)		50%	50%				
	Female - Percentage (%)		50%	50%				
	Young - Percentage (%)		15%	15%				
	Persons with disabilities - Number		0	0				
	1.b Estimated corresponding total number of households members							
	Household members - Number of people		160000	300000				
	1.a Corresponding number of households reached							
	Women-headed households - Households		8 000	15 000				
	Non-women-headed households - Households		32 000	60 000				
	Households - Households		40 000	75 000				
Project Goal Contribute to economic prosperity and enhanced climate resilience in rural Mizoram	Percent increase in average annual household income (real) of the target households in project areas				Impact Assessment	Baseline, Mid, and End-line Surveys	PIU/External Agency	Project implementation happens as per the work plans approved without delay in the release of financial resources and human resource recruitment.
	Households - Percentage (%)		10	30				
	Average reduction in soil erosion rate (tons/ha/year) in the targeted zau clusters promoted by the project (%)				Third party survey	Baseline, Mid, and End-line Surveys	External agency	
	% - Percentage (%)							

Development Objective Enhance the income and climate resilience of rural households in Mizoram through market-driven value chain interventions in agriculture and allied sectors	Percent increase in gross margins for farmers in the targeted value chains				Third party survey	Baseline, Mid, and End-line Surveys	PIU/External Agency	Gross margin refers to the difference between gross income (sales revenue) and variable costs of production, expressed as a percentage of gross income. It reflects the profitability of agricultural activities and the economic benefit to farmers from project interventions such as improved practices, inputs, market access, or processing.
	Average increase in the gross margin of production for farmers in the targeted value chains (%) - Percentage (%)		10	30				
Outcome * To delete	SF.2.1 Households satisfied with project-supported services							
	Household members - Number of people		0	0				
	Indigenous households - Households		0	0				
	Women-headed households - Households		0	0				
	Households - Percentage (%)		0	0				
	Households - Households		0	0				
	SF.2.2 Households reporting they can influence decision-making of local authorities and project-supported service providers							
	Household members - Number of people		0	0				
	Indigenous households - Households		0	0				

	Women-headed households - Households		0	0				
	Households - Percentage (%)		0	0				
	Households - Households		0	0				
Outcome Outcome 1.1: Households engaged in transactions with structured or formal markets	Project-supported households engaged in structured market transactions through producer organizations, enterprises, societies, etc.				Third party survey	Baseline, Mid, and End-line Surveys	PIU/ External agency	It is expected that at least 50% of project supported households will start engaging in transactions with markets through project supported entities rather than middle men
	Household Numbers - Number		22500	37500				
	Households - Percentage (%)		30	50				
Output Output 1.1.1: Improved market access for agriculture, horticulture and livestock products	2.1.5 Roads constructed, rehabilitated or upgraded				MIS	Annually	PIU, DPIU	
	Length of roads - Km		100	300				
	2.1.6 Market, processing or storage facilities constructed or rehabilitated				MIS	Annually	PIU, DPIU	
	Total number of facilities - Facilities		108	318				
	Market facilities constructed/rehabilitated - Facilities		100	300				
	Processing facilities constructed/rehabilitated - Facilities		2	5				
	Storage facilities constructed/rehabilitated - Facilities		6	13				
Outcome Outcome 1.2: Employment opportunities created by project supported enterprises	2.2.1 Persons with new jobs/employment opportunities				COI Survey	Baseline, Mid, and End-line Surveys	PIU/External Agency	It is expected that each of the marketing, processing and
	Males - Males		700	2000				
	Females - Females		700	2000				

	Indigenous people - Indigenous people		1500	4000				storage facility will create 10 full time equivalent jobs (3,000 jobs). Further, each incubation fund awardee will support 10 full time jobs (300 jobs). The bio-resource centers under Comp 2 will also lead to job creation in each village (700 jobs).			
	Young - Young people		200	600							
	Total number of persons with new jobs/employment opportunities - Number of people		1400	4000							
	Number of supported producer organizations that are operationally and financially viable								Audited statements of FPOs	Annually	PIU, DPIU
	FPOs - Number		2	5							
Output Output 1.2.1: Rural producer organization supported to engage in profitable value chains	2.1.3 Rural producers' organizations supported				MIS	Annually	PIU, DPIU	It is expected that each of the FPO will have 500 members (shareholders). A women headed FPO is defined as one having a woman CEO or having more than 50% of its directors as women.			
	Total size of POs - Organizations		1250	2500							
	Rural POs supported - Organizations		5	5							
	Males - Males		625	1250							
	Females - Females		625	1250							
	Young - Young people		375	750							
	Indigenous people - Indigenous people		1250	2500							
	Rural POs supported that are headed by women - Organizations		1	3							
Output Output 1.2.2: Improved capacity of enterprises to engage in profitable value chains	2.1.1 Rural enterprises accessing business development services				MIS	Annually	PIU, DPIU	The 40 incubation fund awardees access project supported activities to improve the performance of the enterprise, its market access and its ability to compete			
	Rural enterprises - Enterprises		20	40							
	1.2.5 Households reporting using rural financial services				COI Survey						

Outcome Outcome 1.3: Improved access to rural financial and digital services	Total number of household members - Number of people		8000	24000		Baseline, Mid, and End-line Surveys	PIU/External Agency	The 12,000 project supported households are able to access KCC services being facilitated by the project and are using to the credit to invest in productive purposes. The current level of usage will be determined by the baseline survey
	Households - Percentage (%)		10	16				
	Households - Households		4000	12000				
Output Output 1.3.1: Increased coverage of financial service providers in project areas	1.1.6 Financial service providers supported in delivering outreach strategies, financial products and services to rural areas				MIS	Annually	PIU, DPIU	The project will establish partnership with at least 3 financial service providers for KCC and other rural credit services. All book keepers engaged in maintaing books of zau will undergo financial and digital finance training for account maintenance, cash reporting and usage. Each village will have at least 1 such book keeper.
	Service providers - Service Providers		2	3				
	1.1.7 Persons in rural areas trained in financial literacy and/or use of financial products and services				MIS	Annually	PIU, DPIU	
	Males - Males		150	350				
	Females - Females		150	350				
	Young - Young people		90	210				
	Indigenous people - Indigenous people		300	700				
	Persons in rural areas trained in FL and/or use of FProd and Services (total) - Number of people		300	700				
Outcome Outcome 2.1: Sustainable intensification of climate-resilient agricultural production and increased crop productivity	1.2.2 Households reporting adoption of new/improved inputs, technologies or practices				COI Survey	Baseline, Mid, and End-line Surveys	PIU/External Agency	The project will support 41,000 HHs with land improvement and other agriculture development interventions. It is expected that at least 70% of these
	Total number of household members - Number of people		26400	114800				
	Households - Percentage (%)		40	70				

	Households - Households		6600	28700				households adopt such practices.
	Land brought under climate-resilient management				MIS	Annually	PIU, DPIU	
	Hectares of land - Area (ha)		7525	18550				
Output Output 2.1.1: Area supported for climate-resilient agricultural production and increased crop productivity	Land brought under new zau clusters				MIS	Annually	PIU, DPIU	Refers to the area/households supported under non-zau areas Refers to the area/households supported under existing zau clusters Refers to the area/households supported under new zau clusters that will be developed by the project
	Hectares of land - Area (ha)		2000	4500				
	Households - Number		4000	9000				
	Area supported under existing zau clusters				MIS	Annually	PIU, DPIU	
	Hectares of land - Area (ha)		5000	12000				
	Households - Number		5000	12000				
	Area developed outside of zau clusters				MIS	Annually	PIU, DPIU	
	Hectares of land - Area (ha)		3750	10000				
Output Output 2.1.2: Farmers reached with agricultural advisory services through digital platforms	Number of farmers reached with agricultural advisory services through digital platforms (e.g., mobile apps, SMS, IVR, WhatsApp, or web portals) supported by the project				MIS	Annually	PIU, DPIU	
	Males - Number		5000	15000				
	Females - Number		5000	15000				
	Young - Number		3000	9000				
	Total - Number		10000	30000				
Outcome Outcome 2.2: Improved production of market oriented livestock products	Number of brown eggs produced annually through project supported layer farms				Records of layer farms	Annually	PIU, DPIU	Each layer farm will produce 9,000 eggs per year. Target is based on 70% of layer farms (target 900 farms) selling 9,000 eggs per year. The 12 BSS will produce 90,000 semen doses. Assuming 70% efficiency of
	Number of brown eggs produced annually (in thousands) - Number		1890	5670				
	AI success rate in pigs				Records of BSS, satellite center and service agents	Annually	PIU, DPIU	
	Number of piglets born through AI (number) - Number		150000	350000				

	Percent of AI resulting in successful delivery of piglets (%) - Percentage (%)		50	70				collection and 70% AI success rate with 8 piglets born per AI.
Output Output 2.2.1: Increased capacity of households to manage livestock production	Number of households supported with pig rearing (breeding, fattening and AI services)				MIS	Annually	PIU, DPIU	
	Number of households - Number		20000	35000				
	Number of households supported with poultry bird rearing (layer and broiler)				MIS	Annually	PIU, DPIU	
	Number of households - Number		1000	2300				
	Number of households supported with goat rearing (breeding and fattening)				MIS	Annually	PIU, DPIU	
	Households (number) - Number		200	400				
Output Output 3.1.1: Effective M&E and KM practices in place	Project brings on board technical partners for effective project implementation							
	Number of technical partners onboarded - Number		4	6				
	Number of KM partners onboarded - Number		2	3				
Output Output 3.2.1: Project MIS is active with all required features	Project has a functional MIS with HH level tracking and GIS/RS modules				Project Reports	Annually	PIU	
	Number of modules with HH level tracking - Number		5	5				
	Number of modules with GIS/RS based tracking - Number		2	2				

Integrated project risk matrix

Risk categories and subcategories	Inherent	Residual
Country context		
Political commitment		
Risk(s): Overall, India's political institutions remain sufficiently stable to support business and investor needs, according to the EIU (2024). Mizoram held its state legislative assembly election in November 2023, resulting in the Zoram People's Movement (ZPM) becoming the single largest party and formed the government for the next five years. The new administration has prioritised the development of agriculture and allied sectors, resulting in a request for a new project design under their leadership. A new Handholding policy (2024) promotes a conducive environment to boost the agriculture sector	Low	Low
Mitigations: The new project request has come under the administration of newly formed government therefore, no major political risks are perceived that may impact the project at state level. The proposed project FOCUS 2.0 also appears in the priority list of the Government of Mizoram for Externally Aided Projects as communicated by the Finance Department of Government of Mizoram.		
Governance		
Risk(s): India, as a union of states with a constitutional distribution of powers between the central and state governments, provides a stable governance structure. In the most recent Good Governance Index published in 2021, Mizoram demonstrated strong performance in commerce and industry, human resource development, public health, and economic governance. The state saw an overall improvement of 10.4% from the previous index, reflecting positive trends in governance.	Low	Low
Mitigations: The project will put in place a mechanism whereby fair competition is encouraged for applying and accessing various project Funds. For example, <ul style="list-style-type: none"> • Selection committees will be composed of various society stakeholders. • Calls for proposals/business ideas will be publicly and widely advertised. • Results of grantees, awardees, and incubates will be publicly shared to maintain transparency and promote community solidarity in Mizoram. 		
Macroeconomic		
Risk(s): India's macroeconomic outlook is positive, with expected strong GDP growth of 6.2% (IMF) in 2025, a steady increase in per capita income, and robust economic performance. The country's economic fundamentals remain solid, driven by factors like strong domestic demand particularly in rural areas, a thriving services sector, and a growing middle class. Despite challenges such as inflation of 4.6% in 2024/2025 (MoF, 2025) and global uncertainties, India is expected to remain the fastest growing economy over the next 2 years (IMF, 2025). All these macroeconomic performances provide a conducive enabling and business environment for various value chain actors and stakeholders who would be involved in project implementation as partners or service providers.	Low	Low
Mitigations: Project activities and interventions will further support the economic resilience of the participating communities.		
Fragility and security		
Risk(s): As per the annual report of Ministry of Home Affairs, Government of India (2023/2024), the state Mizoram remains by and large peaceful without any major security issues. The report also highlights Mizoram being free	Moderate	Moderate

Risk categories and subcategories	Inherent	Residual
<p>from insurgency. As per the state wise security data available there has been no incidence of violence, insurgency or extremist activity from 2019 to 2024. Mizoram is characterized by the peaceful society, however, the tensions in the neighbouring countries may delay the development of Mizoram including its connection to a seaport in Myanmar. Furthermore, to avoid any potential spillover of tension from Myanmar to Mizoram has prompted the Government of India to consider sealing the borders to prevent any potential security threats or conflicts from affecting Mizoram. As per Ministry of Home Affairs Year End Review 2024, there is special emphasis laid on demographic data along the India–Myanmar border, especially in Nagaland, Mizoram, and Manipur, to aid in fencing efforts and prevent infiltration. Additionally, Border Roads Organisation (BRO) has been entrusted with strategically important border fencing works on the Indo-Myanmar border. Unrest and political volatility in Bangladesh have also been flagged as a potential source of fragility for the northeastern region, necessitating enhanced surveillance and coordination along the India–Bangladesh border to pre-empt any cross-border threats or illegal movements. This safe and serene environment fosters secure conditions for the project’s implementation, avoiding additional costs for protective measures.</p>		
Mitigations: No interventions needed		
Sector strategies and policies		
Policy alignment		
<p>Risk(s): The project is a follow-on project with the same client counterparts and institutional architecture and is well aligned with the state and national policies. Project is well-integrated with the broader development approach of the Government of India (GoI) and the state government, focusing on sustainable agriculture, value chain development, and institutional capacity building to improve the livelihoods of smallholder farmers. The project's interventions are complementary to GoI initiatives like the Prime Minister's Development Initiative for North Eastern Region (PM-DevINE) and the North East Special Infrastructure Development Scheme (NESIDS), prioritising infrastructure investment for enhanced connectivity in the North Eastern states, including Mizoram further strengthening the project's proposed interventions leading to better participation in the market. At the state level the recently launched “Handholding Scheme” (Bana-Kaih), encompassing areas like access to finance skill development, and market linkages aims to support the development of agriculture and allied sectors. These state-level initiatives reinforce FOCUS 2.0's interventions and overall impact.</p>	Low	Low
<p>Mitigations: To ensure seamless integration with ongoing government schemes, the FOCUS 2.0 project has been carefully designed to complement and enhance existing policies, particularly the Handholding Scheme (Bana-Kaih). The Project Steering Committee (PSC), which includes representatives from key line agencies responsible for implementing various government schemes, will play a critical role in ensuring coordination and alignment. This structure not only facilitates smooth project execution but also ensures that FOCUS 2.0 is effectively positioned as a vehicle for advancing national and state policy objectives, maximizing synergies for greater impact.</p>		
Policy development & implementation		
<p>Risk(s): The project is fully aligned with state and sectoral policies. However, potential changes in policy related to agriculture and allied sector or the implementation modality of Central sector schemes that may impact the convergence of Government schemes and project interventions.</p>	Moderate	Low
<p>Mitigations: The project has an in-built mechanism for coordination with different Departments/Ministries to ensure convergence of project and</p>		

Risk categories and subcategories	Inherent	Residual
government led interventions on ground. FOCUS 2.0 will have a Convergence Officer seconded from the Planning and Programme Implementation Department of the Government of Mizoram, who will oversee and facilitate convergence activities at various levels. Additionally, to further enhance convergence, the number of secondments from relevant line ministries has been increased, enabling better coordination and alignment at the State, District, Block, and Village levels. This strengthened presence ensures seamless integration of government schemes and FOCUS 2.0's initiatives, driving more impactful and coordinated outcomes on the ground.		
Environment and climate context		
Project vulnerability to environmental conditions		
Risk(s): In Mizoram, rural areas are home to 45% of the population, agricultural development face challenges due to the hilly terrain, climate variability, and limited resources. Issues like inadequate land and water resource management (drying of springs), added by land access constraints, contribute to environmental degradation and low crop yields. Livestock rearing, vital for household income, faces obstacles like disease outbreaks, high feed costs, and low productivity	Moderate	Moderate
Mitigations: Project will adopt a holistic approach, emphasising agro-ecological approaches (such as Natural Farming and LEISA) that enhance resilience, integrating strategies for land tenure security, market-led activities, enterprise development, and livestock integration, addressing the challenges faced by smallholder farmers in Mizoram. The project will adopt a market-led production approach, it targets marginalized smallholders, particularly from scheduled tribes, facilitating their engagement in agricultural markets.		
Project vulnerability to climate change impacts		
Risk(s): Mizoram, climate change poses significant challenges, with the state's vulnerability exacerbated by limited irrigation infrastructure and poor connectivity. The agricultural sector, crucial to the state's economy, faces a high sensitivity due to its reliance on rain-fed agriculture and inadequate irrigation facilities, leaving cultivated land vulnerable to water deficiency for prolonged periods.	Moderate	Moderate
Mitigations: The Project will support the Government to address these challenges, implementing comprehensive interventions aimed at enhancing climate resilience and adaptation, adopting measures for promotion of stress tolerant crop varieties, improved access to seeds and integrated pest management, integrating market- and value chain-led production methods with natural resource management strategies such as soil and water (spring shed management) conservation measures. The Project will support irrigation infrastructure for clusters as well as last –mile connective through link-roads, suspension bridges, rope ways etc, connecting cluster production with markets. FOCUS 2.0 will support upgrading / leveraging the existing early warning system. Leveraging climate change risk assessments, the project will ensure targeted adaptation efforts to mitigate climate-related risks effectively.		
Project scope		
Project relevance		
Risk(s): FOCUS 2.0 is strongly aligned with government priorities, ensuring synergy and adaptability in its approach. The project supports the broader objectives of sustainable development and impactful outcomes for Mizoram's agricultural and allied sectors. Additionally, FOCUS 2.0 is well integrated with the Government of Mizoram's Bana-Kaih (Handholding Policy), which focuses on areas like access to finance, skill development, and market linkages. Furthermore, the project aligns with Mizoram's Zau Policy, which	Low	Low

Risk categories and subcategories	Inherent	Residual
emphasizes the Agriculture Intensification Cluster Approach, enhancing agricultural productivity and sustainability.		
Mitigations: Ensuring continuous engagement and collaboration with the State Government and other relevant stakeholders is essential to align the design and implementation of FOCUS 2.0 with both State and National priorities. Some of the interventions envisaged under the Handholding Policy (Bana-Kaih) are yet to be fully operationalized, providing the FOCUS 2.0 implementing agency with a unique opportunity to contribute to their operationalization. This not only enhances the project's relevance within the state's context but also strengthens its alignment with government strategies		
Technical soundness		
Risk(s): The project relies on the experience of current the recently concluded project FOCUS in terms of approaches and activities that have previously worked and development models generated. It is on this basis that FOCUS 2.0 is out-scaling and up-scaling such approaches and activities. The project aims to through its market-led production system approach, address agricultural challenges by developing market accessibility avenues at three key nodes — village, block, and district levels — ensuring broader market access and increased value realisation for farmers. Additionally, the project aligns with the Bana-Kaih (Handholding) Programme, providing a strategic platform to foster agribusinesses, promote climate-resilient crops, and support vulnerable farming communities. This integrated approach not only enhances agricultural productivity but also strengthens market linkages, contributing to increased household incomes and overall economic resilience in the state.	Low	Low
Mitigations: The PCR of FOCUS documented critical lessons that have been incorporated into the design of FOCUS 2.0, particularly in scaling up initiatives like the Boar Semen Station, IFS-CADA, Innovation Fund, and Goatery, Market Access Facility. Feasibility studies for livestock and agriculture sectors have already shaped key interventions, and a comprehensive Value Chain Mapping Study (encompassing mapping of existing market infrastructure and new ones, location of clusters by district) will be initiated during the inception phase to identify strategic market nodes across districts, aligning with the project's market-led production system approach. Similarly, in case of Zau Cluster identification, planning and operationalisation a study early on will guide the implementation.		
Institutional capacity for implementation and sustainability		
Implementation arrangements		
Risk(s): The project's implementation framework will leverage the foundation laid by FOCUS, through SCRAM. The staff's experience with IFAD project and a well-established project management structure down to the last mile provide a strong basis for success. However, additional resources are required to strengthen market-oriented initiatives and enhance fiduciary and safeguards aspects. Simultaneously, there is a need to leverage the existing institutional framework down to the village level to enhance implementation efficiency, facilitate convergence, and minimise operational costs while avoiding the creation of additional cadres.	Low	Low
Mitigations: FOCUS 2.0 has an enhanced project structure, integrating additional technical capacity and leadership, including a senior Indian Administrative Service (IAS) officer as Chief Project Director, business promotion officers, Safeguards Specialists, and more secondments from key departments such as Irrigation and Water Resources, Commerce and Industry, Finance and Accounts, and Planning and Programme Implementation. The inclusion of a Convergence Officer further strengthens coordination across state-level implementation structures. At the ground level, collaboration with the State Rural Livelihood Mission		

Risk categories and subcategories	Inherent	Residual
(SRLM) is planned to leverage existing last-mile cadres, minimising duplication and enhancing outreach. Dedicated funds have been allocated for technical support to strengthen fiduciary, safeguard, and market-driven components. Potential implementation partners, including Mizoram Rural Bank, Mizoram State University, NABARD, and SRLM, have already been identified to further reinforce project execution and convergence.		
M&E arrangements		
Risk(s): The current SCRAM setup has M&E team with one Manager, Deputy for MIS and one KM resource person however for MIS Manager position there have been frequent attritions. The Project has MIS system in place and a system of data collection exist.	Moderate	Moderate
Mitigations: A comprehensive assessment of M&E and MIS capacity has already been conducted during the design phase, identifying capacity gaps and informing targeted support. The project structure has been enhanced with a Convergence Officer seconded from the Programme and Implementation Department, working alongside the M&E Manager to implement a robust Monitoring, Evaluation, and Learning (MEL) framework. The M&E team includes specialized roles such as a KM and Communication Specialist, MIS and Data Management Specialist, Gender and Capacity Building Expert, and Safeguards Specialist (SECAP), with district-level support from Planning and MIS Resource Persons and Gender and Capacity Building Officers. This structure strengthens the project's ability to monitor physical and financial inputs, track outputs, and leverage data-driven insights for adaptive management and course correction, ensuring effective results-based management throughout implementation.		
Procurement		
Legal and regulatory framework		
Risk(s): There is no public procurement law in India. GFRs/state are the fountainhead of regulatory and policy frameworks for public procurement. GFRs provide a framework within which federal/state organizations manage their businesses in a financially prudent manner without compromising their flexibility to deal with varied situations. The focus of GFRs is public finances and they devote only few chapters to procurement, which does not do full justice to the large volume, complexity, and vast framework of public procurement. The procurement process is decentralized, and the respective ministries, departments, and agencies are thus expected to expound the specifics of their individual processes in compliance with the general principles of the respective financial rule, leading to multiplicity of rules, procedures, and directives/orders.	Substantial	Substantial
Mitigations: In the absence of clear national regulations, rely on the IFAD procurement regulations.		
Accountability and transparency		
Risk(s): In the absence of a central lead department or agency in the center, dedicated to policy and oversight of public procurement, and, in the absence of a Central law or State act in public procurement, a 'Public Procurement Law' complemented by a set of Public Procurement Regulations, to replace and consolidate the present fragmented rules, will improve the transparency of the process, and accountability of public officials. Furthermore, the introduction of an independent authority -Public Procurement Tribunal - and a debriefing procedure should be useful steps to improve transparency, as well as simplified review and approval process, and a revamping of blacklisting rules.	Substantial	Substantial

Risk categories and subcategories	Inherent	Residual
Mitigations: Use of IFAD SBD and PPF at the project level will ensure clear definition of prohibited practices. Also, the use of IFAD policy on Fraud and Corruption defines these terms.		
Capability in public procurement		
Risk(s): The basic framework of rules and procedures require open tenders, open to all qualified firms without discrimination, use of non-discriminatory tender documents, public bid opening, and selection of the most advantageous tender, taking all factors (preferably pre-disclosed) into consideration. Thus, there is a reasonably good framework of rules, procedures and documents. However, good performance is marred by cases of mal-practice, pervasive corruption, and occasional scandals of corruption at high levels. The situation in the States is worse. Though the procedural framework is the same, the quality of the personnel is not as good, and there is much more intervention by politicians, and higher incidence of corruption.	Substantial	Substantial
Mitigations: IFAD programmes should have all procurement opportunities and contract awards above the applicable threshold advertised in at least 2 newspapers and UNDB.		
Public procurement processes		
Risk(s): Generally there is no strategic approach to procurement based on needs analysis, market research and procurement planning to maximize VfM, competition, and mitigating cartels. As a result, tender failures are high with many cancellations due to 'nil' bids.	Moderate	Moderate
Mitigations: Use of the IFAD SBDs is suggested and Institutionalize regular engagement with the private sector in procurement policy making.		
Financial management		
Organization and staffing		
Risk(s): While India boasts a well-developed accounting profession, IFAD-funded projects struggle to attract high-quality financial management staff due to low salaries and limited career advancement opportunities. Additionally, the accounting profession in Mizoram is less developed than in other regions of India. Therefore, a transparent selection process for key financial management positions is essential for the project's success.	Substantial	Substantial
Mitigations: Complete competitive selection of adequately qualified and experienced FM staff for PMU and DPMUs		
Budgeting		
Risk(s): Budgeting will adhere to government regulations. However, gathering initial budget inputs from all implementing partners, including DPMUs and line departments, will be a challenging task.	Moderate	Moderate
Mitigations: PIM/FMM will have clear roles and responsibilities for budgeting and timelines.		
Funds flow/disbursement arrangements		
Risk(s): The state government will pre-finance project expenditures, while IFAD will reimburse on a quarterly basis. Timely allocation of funds by state and processing of payments by the PMU will be crucial.	Substantial	Substantial
Mitigations: Project legal documents will have a provision for advance of IFAD funds, if government will not allocate funds timely. Local commercial bank online banking module will be implemented to timely allocation of funds and payments.		
Internal controls		
Risk(s): Potential internal control weaknesses exist at the implementing partners' level (DPMUs). Line departments will be responsible for collecting supporting documents and submitting them to PMU and DPMU for payment.	High	High

Risk categories and subcategories	Inherent	Residual
Weak staff capacity and weak discipline at the implementing partners' level (line departments) may result in delayed and inadequate submission of supporting documents. PMU and DPMUs may also have difficulty collecting and adequately filing supporting documents for all transactions. Monthly reconciliation of DPMUs and PMU accounts will be challenging.		
<p>Mitigations: The development of PIM and FMM with clear roles for supporting documents filing and accounting record keeping for all implementing partners. PIM and FMM will be revised to include the following essential controls:</p> <ul style="list-style-type: none"> • DPMUs will have sub-accounts under the main account of PMU HQ, with all sub-account activities controlled by PMU HQ. • Mandatory monthly closing of accounts in Tally and reconciliation will be enforced. • If a DPMU fails to complete adequate reconciliation or provide necessary supporting documents for any transaction, their bank accounts will be blocked until the issues are resolved. • Google Drive/Dropbox or government's e-office system services will be used for uploading and storing supporting documents for each transaction. • Advances will not be issued to line departments; instead, funds will be transferred directly to beneficiaries and suppliers by DPMUs upon receipt of all required supporting documents. • Finance staff at HQ PMU and DPMUs will be safeguarded from undue pressure from senior project staff and government officials. They will have the right to decline payments if full supporting documents are not provided for any payment request. The CPD will ensure that finance staff are protected from retaliation and unnecessary pressure. • Finance units will deduct amounts from employees' salaries if advances are not cleared within two weeks following the completion of relevant events, such as business travel or other activities. - External consultants will conduct internal audits every semester. 		
Accounting and financial reporting		
Risk(s): Accounting records must be maintained for all DPMUs in one accounting software. Staff capacity to maintain cloud-based Tally software is weak.	Substantial	Substantial
Mitigations: Implementation of Tally accounting software for accounting record keeping, financial reporting and accounts reconciliations. Support from external consultants to train PMU and DPMU staff on Tally and monthly accounts reconciliation.		
External audit		
Risk(s): State-level CAG will audit project financial statements. The audit may be delayed due to a shortage of staffing resources and other priorities of CAG.	Moderate	Moderate
Mitigations: PMU will actively follow-up with State- level CAG to complete the audit on time.		
Environment, social and climate impact		
Biodiversity conservation		
Risk(s): The project could have potential negative impact to conversion of land and biodiversity and natural resources.	Moderate	Moderate
Mitigations: To mitigate biodiversity conservation risks, the project will confine activities to agricultural land, avoiding the protected areas and national parks in Mizoram. The project will support and promote good agricultural practices on existing and new cluster farmlands. Project will take all precautions to avoid or minimise tree felling during establishment of Zaus (Agriculture Intensification Cluster), and encourage expansion of Supply,		

Risk categories and subcategories	Inherent	Residual
Service and Reserve forests to compensate significant tree felling. Conservation and management of agrobiodiversity will be promoted through relocation of NUS crops to kitchen/homegardens and promotion of mixed cropping in Zaus. Monitoring of jhum areas and agroforestry impacts will be prioritized, while training on human-wildlife conflict and mitigation measures will be provided. Biodiversity-sensitive areas will be avoided, and invasive species will be closely monitored. With regards to livestock development, the project promotes local and indigenous species, build awareness of community members to purchase inputs through government authorized or registered service providers.		
Resource efficiency and pollution prevention		
Risk(s): Environmental degradation, including pollution from waste from agricultural and livestock activities, including processing and emissions, soil degradation, and resource depletion.	Moderate	Moderate
Mitigations: To mitigate environmental degradation risks, the project will adhere to the national / state legislation and international best practices to minimize waste generation and ensure proper disposal, especially for activities related to livestock health. Training on good animal health practices will be provided to promote sustainable livestock farming. Additionally, the project will prioritize sustainable livestock farming methods to address resource depletion and soil degradation, contributing to environmental conservation efforts as well as it considered a circular and integrated approach to livestock and agricultural activities.		
Cultural heritage		
Risk(s): The project will not have adverse impact on tangible cultural heritage in Mizoram. However, with the promotion of long-term lease of Zau plots as a tenurial security strategy, there is significant risk to changes in Property Regimes, resulting in a shift from Common Property Regime to Private Property, potentially giving rise to elite capture of land and the dilution of traditional access frameworks and governance. However, engaging with IPs and using their traditional skills and knowledge for livelihood needs careful attention.	Moderate	Moderate
Mitigations: The mitigation measure is actually quite simple and requires strengthening of customary access norms. Special care has to be taken during the application of long-term license/lease that the registration is done as a collective in the name of the relevant village council and not in the name of individuals. Additionally, to mitigate these, inclusive and participatory engagement mechanisms like Free Prior Informed Consent (FPIC) has been integrated. Efforts will focus on promoting sustainable practices while collaborating with the Art & Culture Department for conservation activities. Consultation processes will guide any commercial use of traditional handicrafts. Adhering to SECAP guidelines, the project will strictly apply complaint procedures. Before commencing activities, the project will disseminate complaint resolution procedures to local communities. In business and marketing capacity building of farmer organizations and SMEs, indigenous and traditional knowledge and culture will be carefully embedded to show their values as well as their potential as a valuable marketing and branding element.		
Indigenous peoples		
Risk(s): The project faces moderate risks concerning Indigenous Peoples (IPs) due to India's complex legal framework for their rights. Despite recognizing these rights, implementation remains challenging. With Mizoram having a diverse tribal population, effective participation and addressing their unique needs within the project's framework require proactive measures to mitigate potential conflicts.	Moderate	Moderate

Risk categories and subcategories	Inherent	Residual
Mitigations: All FOCUS 2.0 beneficiaries are indigenous peoples. Also, the project will closely collaborate with the village councils and village organizations in identifying and selecting beneficiaries for inclusion in various project activities. To address potential conflicts over communal resources and benefit distribution, the project will seek Free, Prior, and Informed Consent (FPIC) from target groups. This process ensures that tribal groups exercise their right to self-determination (as recognised in the UNDRIP) and determine and develop priorities and strategies for their development. By engaging in FPIC, the project aims to mitigate conflicts, uphold cultural norms, and ensure sustainable and fair resource use and distribution.		
Community health and safety		
Risk(s): Risks to community health and safety arise on three counts: depletion of agro-biodiversity with a corresponding reduction of dietary diversity with implications for nutrition, particularly of children, expectant and nursing mothers and elders; second, safe disposal of bio-waste from slaughter houses and third, the possibility of sexual harassment and abuse consequent to immigration of labour from outside in connection with construction of infrastructure, farm roads etc.	Moderate	Moderate
Mitigations: The project will encourage the relocation of NUS and other non-cereal crops to home gardens/kitchen gardens; this will also be complemented by promoting mixed cropping in the AICs. To mitigate disease risks in livestock, the project will carefully select disease-resistant species and build capacity of households in enforcing strict farm hygiene practices. Additionally, waste management initiatives will be promoted to curb disease spread and environmental contamination. Protocols and mechanisms for safe and careful disposal of bio-waste will be integral part of the slaughterhouse hygiene and waste disposal arrangements. To mitigate occurrence of sexual harassment at the workplace at the construction sites and increase ownership of the villagers, providing employment opportunities to youth villagers will be encouraged to work in their village construction projects. Project will provide legal awareness training to women in collaboration with the State Commission for Women and Directorate of Women and Child Development		
Labour and working conditions		
Risk(s): Agriculture related Labour and working conditions present a moderate risk in the project, particularly concerning the promotion of equal opportunities for disadvantaged groups such as women, youth, scheduled tribes, and persons with disabilities.	Moderate	Moderate
Mitigations: Mitigation measures for and labour working conditions will include special focus on vulnerable groups (youth, women, scheduled tribes, PwD), conducting value chain assessments and consulting communities on marketing preferences through free, prior, and informed consent. The project will prioritize fair wages and equal opportunities in selected value chains, aiming to create safe and respectable opportunities for all workers. The value chains identified will prioritize occupational safety and health (OSH) risks for farmers and rural workers as well as employees of enterprises. In terraced clusters labour conditions are expected to be better and less burdensome. It is expected that households would not be exposed to excessive fire and smokes due to reduced jhum practices. In the selection of Jhum land for Intensive Zau collection, low slope percentage of the land would be ensured to reduce the probability of any accident. Use of drudgery reducing agriculture equipment will be promoted to reduce the work burden of women and men agricultural workers.		
Physical and economic resettlement		
Risk(s): No physical or economic resettlement is foreseen due to project activities.	Low	Low

Risk categories and subcategories	Inherent	Residual
Mitigations: As the risk is low, no mitigation plan is required		
Greenhouse gas emissions		
Risk(s):		
Mitigations:		
Vulnerability of target populations and ecosystems to climate variability and hazards		
Risk(s): Mizoram, climate change poses significant challenges, with the state's vulnerability exacerbated by limited irrigation infrastructure and poor connectivity. The agricultural sector, crucial to the state's economy, faces a high sensitivity due to its reliance on rain-fed agriculture and inadequate irrigation facilities, leaving cultivated land vulnerable to water deficiency for prolonged periods.	Moderate	Moderate
Mitigations: Project will support the Government to address these challenges, the project will implement comprehensive interventions aimed at enhancing climate resilience and adaptation, integrating market- and value chain-led production methods with natural resource management strategies such as soil and water (springshed management) conservation measures. Leveraging climate change risk assessments, the project will ensure targeted adaptation efforts to mitigate climate-related risks effectively.		
Stakeholders		
Stakeholder engagement/coordination		
Risk(s): Insufficient consultation / engagement with stakeholders on key project interventions	Moderate	Moderate
Mitigations: The Government at state level and national level including the lead implementing agency along with other line departments have been extensively consulted and through collaborative process, the project has been developed for the new phase. The SCRAM staff has been closely involved and engaged in the design phase. At the start up, all stakeholders will be invited to be informed of the project approaches and shape the inception phase. Follow up of the FPIC implementation and stakeholder engagement plan will be pursued during implementation. At the District level and Block level the lead implementing agency has already developed a mechanism for quarterly meeting of different stakeholder (Line Departments) and the representation from target groups to ensure efficient coordination, convergence and inclusivity. Furthermore, the project aims at attracting more investment from the private sector and at promoting fruitful partnerships with key actors. A roundtable has been organized to gauge interest of private sector players and to publicize potential business opportunities which will be enhanced through project interventions.		
Stakeholder grievances		
Risk(s): The project target groups and other relevant stakeholder have no channel to voice their grievances or are unaware of the existing channels to give their feedback etc	Moderate	Moderate
Mitigations: During the phase 1 of the project (FOCUS), a grievance redress mechanism has been established through dedicated helplines in each district. Standard operating procedures (SOPs) have been implemented, including the appointment of dedicated staff to manage the helplines and respond effectively to feedback and grievances. In the next phase of the project, this mechanism will be expanded to include additional districts, covering all the target districts of FOCUS 2.0. Additionally, District Level Coordination Committees, provide a platform for farmers to voice their concerns and offer feedback. This initiative will be maintained and extended to new districts in the upcoming phase.		

Risk categories and subcategories	Inherent	Residual
Moreover, the state PMU through project's website has an existing Environmental and Social Grievance Redress Mechanism (ESGRM) to receive complaints online.		